GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

UNSTARRED QUESTION NO:1053
ANSWERED ON:20.08.2007
REDUCTION IN FDI
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Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether TRAI has recommended for reduction in Foreign Direct Investment (FDI) in Internet Service Providers from the existing limit of 100% to 74%;

(b) if so, the details thereof;

(c) whether this recommendation has been made by TRAI in view of poor record of Internet Service Providers;

(d) if so, the details thereof;

(e) whether out of 700 licences issued during the last three years, only 135 internet service licensees are functionally active;

(f) if so, the details thereof; and

(g) the steps taken/being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) Yes, Sir.

(b) TRAI in its recommendations on 'Review of Internet services' dated 10th May 2007, has recommended a uniform FDI cap/equity of 74% across all telecom licenses.TRAI has further noted that ISPs who have more than 74% FDI cap/equity at present shall be required to bring down their FDI cap/equity to 74% within two years.

(c) No, Sir.

(d) Does not arise in view of (c) above.

(e)&(f) Out of 770 ISP Licenses issued till 31.07.07, 275 ISP Licenses reported start of service, while 397 ISP Licenses were surrendered/terminated. Moreover as per provisions of License agreement show cause notices for termination were issued to 51 Licenses for not starting the service and the request 7 ISP Licensees is under consideration for surrender of License before start of service. Further 40 ISPs have not completed the stipulated time frame of 24 months from date of signing the License agreement for start of service.

(g) There is no restriction on number of ISP licenses in a service area and licensees are also free to surrender their license based on their commercial decision under the framework of license. For non start of service showcause notices for termination can be issued by the Licensor. The steps indicated (e) and (f) above are in pursuance to this.